

**RE:    REQUIREMENTS FOR ACCREDITED & LIMITED ACCREDITED INSURERS**

In order to obtain accreditation pursuant to §§ [38.2-1316.2 A 2](#) and [38.2-1316.3 A 1](#) of the Code of Virginia, a foreign assuming insurer must have surplus to policyholders of not less than \$20,000,000, or in the case of a U.S. branch of an alien assuming insurer, have trusted surplus of not less than \$20,000,000. Companies with surplus to policyholders of less than \$20,000,000 may seek limited accredited reinsurer status if they are assuming business pursuant to a pooling arrangement among insurers in the same holding company system. In either case, the following items must be submitted to the Bureau of Insurance:

1.    A properly executed [certificate of assuming insurer](#) in triplicate;
2.    A certified copy of a certificate of authority, license, certificate of compliance, or other evidence that the assuming insurer is licensed to transact insurance or reinsurance in at least one state, or in the case of a U.S. branch of an alien assuming insurer, is entered through and licensed to transact insurance or reinsurance in at least one state;
3.    A copy of the assuming insurer's Annual Statement for the preceding calendar year and Quarterly Statement for the most recent quarter ended in the current calendar year. Both statements must bear signatures of the officers and a notary public along with a notarial seal. Unless otherwise provided in [Title 38.2](#) of the Code of Virginia, or by any applicable rule, regulation or administrative letter, both statements are to be prepared in accordance with the applicable instructions and the applicable Accounting Practices and Procedures Manual adopted by the National Association of Insurance Commissioners. **All schedules and exhibits must be attached including an actuarial opinion on loss reserves and management's discussion and analysis;**
4.    A copy of the assuming insurer's statement of trusted surplus, if the assuming insurer is a U.S. branch of an alien assuming insurer;
5.    A copy of the most recent examination report made by the assuming insurer's state of domicile (or entry) and certified by that state's Commissioner of Insurance;
6.    An original copy of the most recent audited financial report;
7.    If the applicant is applying for limited accredited reinsurer status a copy of the reinsurance pooling agreement should be filed with the application; and
8.    A copy of the pooled reinsurance agreement if applying for limited accredited reinsurer status.

The Bureau of Insurance intends to act on all requests for recognition under §§ [38.2-1316.2 A 2](#) and [38.2-1316.3 A 1](#) of the Code of Virginia within a reasonable time frame. The failure to respond within ten (10) days to any request by the Bureau of Insurance for additional documents or clarification shall be considered grounds for refusing to recognize the assuming insurer as an accredited reinsurer.

All items should be submitted at one time to the attention of:

Gregory S. Yeatts  
Senior Insurance Financial Analyst  
State Corporation Commission  
Bureau of Insurance  
P.O. Box 1157  
Richmond, VA 23233  
(804) 371-9391

**RE: REQUIREMENTS FOR SUBSTANTIALLY SIMILAR REINSURERS (ONLY APPLICABLE WHEN RISKS ARE ASSUMED FROM CEDING INSURERS DOMICILED IN VIRGINIA)**

In general, to obtain status as a substantially similar reinsurer pursuant to § [38.2-1316.2 A 3](#) of the Code of Virginia, a foreign assuming insurer must have surplus to policyholders of not less than \$20,000,000, or in the case of a U.S. branch of an alien assuming insurer, have trustee surplus of not less than \$20,000,000. Substantially similar standards means standards regarding credit for reinsurance which the Bureau of Insurance determines equal or exceed the standards of Virginia. In either case the following items must also be submitted to the Bureau of Insurance for obtaining status as a substantially similar reinsurer:

1. A properly executed [certificate of assuming insurer](#) in triplicate;
2. A certified copy of a certificate of authority, license, certificate of compliance, or other evidence that the assuming insurer is licensed to transact insurance or reinsurance in at least one state, or in the case of a U.S. branch of an alien assuming insurer, is entered through and licensed to transact insurance or reinsurance in at least one state;
3. A copy of the assuming insurer's Annual Statement for the preceding calendar year and Quarterly Statement for the most recent quarter ended in the current calendar year. Both statements must bear signatures of the officers and a notary public along with a notarial seal. Unless otherwise provided in [Title 38.2](#) of the Code of Virginia, or by any applicable rule, regulation or administrative letter, both statements are to be prepared in accordance with the applicable instructions and the applicable Accounting Practices and Procedures Manual adopted by the National Association of Insurance Commissioners. **All schedules and exhibits must be attached including an actuarial opinion on loss reserves and management's discussion and analysis;**
4. A copy of the assuming insurer's statement of trustee surplus, if the assuming insurer is a U.S. branch of an alien assuming insurer;
5. A copy of the most recent examination report made by the assuming insurer's state of domicile (or entry) and certified by that state's Commissioner of Insurance;
6. An original copy of the most recent audited financial report;
7. A memorandum explaining how the credit for reinsurance standards of the assuming insurer's state of domicile or entry are substantially similar to Virginia's credit for reinsurance standards;
8. A copy of the statutes, regulations, and interpretations of the standards utilized by the state of domicile or entry of the assuming insurer, which support the basis for requesting the status of a substantially similar reinsurer; and

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The Bureau of Insurance intends to act on all requests for recognition under §§ [38.2-1316.2 A 2](#) and [38.2-1316.3 A 1](#) of the Code of Virginia within a reasonable time frame. The failure to respond within ten (10) days to any request by the Bureau of Insurance for additional documents or clarification shall be considered grounds for refusing to recognize the assuming insurer as an accredited reinsurer.

All items should be submitted at one time to the attention of:

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**RE: REQUIREMENTS FOR A TRUSTEED REINSURER: SINGLE ASSUMING INSURER**

In order to be considered for status as a trustee reinsurer pursuant to §§ [38.2-1316.2 A 4 \(a\)](#) and [38.2-1316.3 A 3](#) of the Code of Virginia, a single assuming insurer must maintain a trust fund in a qualified United States financial institution for the payment of valid claims of its United States policyholders and ceding insurers, their assigns and successors in interest. The trust must consist of a trust account representing the assuming insurer's liabilities attributable to business written in the United States, and in addition, the assuming insurer shall maintain a trustee surplus of not less than \$20,000,000. The following items must be submitted to the Bureau of Insurance:

1. A properly executed [certificate of assuming insurer](#) in triplicate;
2. A copy of the trust agreement pertaining to the requisite trust funds along with a statement identifying and locating the specific provisions in the agreement which satisfy the form of trust requirements set forth in § [38.2-1316.2 B](#) of the Code of Virginia;
3. A certified statement from the trustee of the trust listing the assets in the trust;
4. A certified statement and accounting of trustee surplus executed by a duly authorized officer or representative of the trustee assuming insurer;
5. Information substantially the same as that required to be reported on the NAIC Annual Statement form by licensed insurers, to enable the Bureau of Insurance to determine the sufficiency of the trust fund; and
6. A certified English translation of any foreign language documents filed.

Pursuant to § [38.2-1316.2 B](#) of the Code of Virginia, the trust referred to above must contain the following conditions:

1. Contested claims shall be valid and enforceable out of funds in trust to the extent remaining unsatisfied thirty (30) days after entry of the final order of any court of competent jurisdiction in the United States;
2. Legal title to the assets of the trust shall be vested in the trustee for the benefit of the grantor's United States policyholders and ceding insurers, their assigns and successors in interest;
3. The trust and the assuming insurer shall be subject to examination as determined by the State Corporation Commission;
4. The trust shall remain in effect for as long as the assuming insurer, or any member or former member of a group of insurers, shall have outstanding obligations under reinsurance agreements subject to the trust; and

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5. No later than February 28 of each year the trustees of the trust shall report to the Bureau of Insurance in writing the balance of the trust; list the trust's investments at the preceding year end; and certify the date of termination of the trust, if so planned, or certify that the trust shall not expire prior to the next following December 31.

The Bureau of Insurance intends to act on all requests for recognition under §§ [38.2-1316.2 A 4 \(a\)](#) and [38.2-1316.3 A 3](#) of the Code of Virginia within a reasonable time frame. The failure to respond within ten (10) days to any request by the Bureau of Insurance for additional documents or clarification shall be considered grounds for refusing to recognize the assuming insurer as a trustee reinsurer.

All items should be submitted at one time to the attention of:

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State Corporation Commission  
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**RE: REQUIREMENTS FOR A TRUSTEED REINSURER: GROUP OF INDIVIDUAL UNINCORPORATED UNDERWRITERS**

In order to be considered for status as a trustee reinsurer pursuant to §§ [38.2-1316.2 A 4 \(b\)](#) and [38.2-1316.3 A 3](#) of the Code of Virginia, a group of individual unincorporated underwriters must maintain a trust fund in a qualified United States financial institution for the payment of valid claims of its United States policyholders and ceding insurers, their assigns and successors in interest. The trust must consist of a trustee account representing the assuming insurer's liabilities attributable to business written in the United States, and in addition, the assuming shall maintain a trustee surplus of not less than \$100,000,000. The following items must be submitted to the Bureau of Insurance:

1. A properly executed [certificate of assuming insurer](#) in triplicate;
2. A copy of the trust agreement pertaining to the requisite trust funds along with a statement identifying and locating the specific provisions in the agreement which satisfy the form of trust requirements set forth in § [38.2-1316.2 B](#) of the Code of Virginia;
3. A certified statement from the trustee of the trust listing the assets in the trust;
4. A certified statement and accounting of trustee surplus executed by a duly authorized officer or representative of the trustee assuming insurer;
5. Information substantially the same as that required to be reported on the NAIC Annual Statement form by licensed insurers, to enable the Bureau of Insurance to determine the sufficiency of the fund;
6. Annual certifications of the solvency of each underwriting member of the group, prepared by the group's domiciliary regulator and its independent accountant; and
7. A certified English translation for any foreign language documents filed.

Pursuant to § [38.2-1316.2 B](#) of the Code of Virginia, the trust referred to above must contain the following conditions:

1. Contested claims shall be valid and enforceable out of funds in trust to the extent remaining unsatisfied thirty (30) days after entry of the final order of any court of competent jurisdiction in the United States;
2. Legal title to the assets of the trust shall be vested in the trustee for the benefit of the grantor's United States policyholders and ceding insurers, their assigns and successors in interest;
3. The trust and the assuming insurer shall be subject to examination as determined by the State Corporation Commission;

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4. The trust shall remain in effect for as long as the assuming insurer, or any member or former member of a group of insurers, shall have outstanding obligations under reinsurance agreements subject to the trust; and
5. No later than February 28 of each year the trustees of the trust shall report to the Bureau of Insurance in writing the balance of the trust and listing the trust's investments at the preceding year end and shall certify the date of termination of the trust, if so planned, or certify that the trust shall not expire prior to the next following December 31.

The Bureau of Insurance intends to act on all requests for recognition under §§ [38.2-1316.2 A 4](#) and [38.2-1316.3 A 3 \(b\)](#) of the Code of Virginia within a reasonable time frame. The failure to respond within ten (10) days to any request by the Bureau of Insurance for additional documents or clarification shall be considered grounds for refusing to recognize the assuming insurer as a trustee reinsurer.

All items should be submitted at one time to the attention of:

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**RE: REQUIREMENTS FOR A TRUSTEED REINSURER: GROUP OF INDIVIDUAL INCORPORATED UNDERWRITERS**

In order to be considered for status as a trustee reinsurer pursuant to §§ [38.2-1316.2 A 4 \(c\)](#) and [38.2-1316.3 A 3](#) of the Code of Virginia, a group of individual incorporated underwriters must maintain a trust fund in a qualified United States financial institution for the payment of valid claims of its United States policyholders and ceding insurers, their assigns and successors in interest. The trust must consist of a trust account representing the assuming insurer's liabilities attributable to business written in the United States, and in addition, the assuming insurer shall maintain a trustee surplus of not less than \$100,000,000. The following items must be submitted to the Bureau of Insurance:

1. A properly executed [certificate of assuming insurer](#) in triplicate;
2. A copy of the trust agreement pertaining to the requisite trust funds along with a statement identifying and locating the specific provisions in the agreement which satisfy the form of trust requirements set forth in § [38.2-1316.2 B](#) of the Code of Virginia;
3. A certified statement from the trustee of the trust listing the assets in the trust;
4. A certified statement and accounting of trustee surplus executed by a duly authorized officer or representative of the trustee assuming insurer;
5. Information substantially the same as that required to be reported on the NAIC Annual Statement form by licensed insurers, to enable the Bureau of Insurance to determine the sufficiency of the trust fund;
6. Annual certifications of the solvency of each underwriting member of the group, prepared by the group's domiciliary regulator and its independent accountant;
7. Evidence of submission to the State Corporation Commission's authority to examine the books and records of any member of the group;
8. Certification that any member examined will bear the expense of any such examination; and
9. A certified English translation of any foreign language documents filed.

Pursuant to § [38.2-1316.2 B](#) of the Code of Virginia, the trust referred to above must contain the following conditions:

1. Contested claims shall be valid and enforceable out of funds in trust to the extent remaining unsatisfied thirty (30) days after entry of the final order of any court of competent jurisdiction in the United States;



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2. Legal title to the assets of the trust shall be vested in the trustee for the benefit of the grantor's United States policyholders and ceding insurers, their assigns and successors in interest;
3. The trust and the assuming insurer shall be subject to examination as determined by the State Corporation Commission;
4. The trust shall remain in effect for as long as the assuming insurer, or any member or former member of a group of insurers, shall have outstanding obligations under reinsurance agreements subject to the trust; and
5. No later than February 28 of each year the trustees of the trust shall report to the Bureau of Insurance in writing the balance of the trust and listing the trust's investments at the preceding year end and shall certify the date of termination of the trust, if so planned, or certify that the trust shall not expire prior to the next following December 31.

The Bureau of Insurance intends to act on all requests for recognition under §§ [38.2-1316.2 A 4](#) and [38.2-1316.3 A 3 \(c\)](#) of the Code of Virginia within a reasonable time frame. The failure to respond within ten (10) days to any request by the Bureau of Insurance for additional documents or clarification shall be considered grounds for refusing to recognize the assuming insurer as a trusted reinsurer.

All items should be submitted at one time to the attention of:

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[Chapter 13 of Title 38.2 of the Code of Virginia \(Reinsurance 38.2-1316.1 - 38.2-1316.8\)](#)

[14 VAC 5-300](#)

[Administrative Letter 1992-3](#)